

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Year Ended November 30, 2022 (Based on Japanese GAAP)

January 13, 2023

Company name: First Brothers Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 3454 URL <https://www.firstbrothers.com/>
 Representative: President Tomoki Yoshihara
 Inquiries: Chief Financial Officer Yoshinobu Hotta TEL 03(5219)5370
 Scheduled date of ordinary general meeting of shareholders: February 22, 2023
 Scheduled date to file Securities Report: February 22, 2023
 Scheduled date to commence dividend payments: February 2, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended November 30, 2022 (from December 1, 2021 to November 30, 2022)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended November 30, 2022	14,284	(46.5)	1,816	(63.2)	1,356	(69.0)	1,180	(57.8)
Year ended November 30, 2021	26,685	70.6	4,940	94.4	4,379	141.1	2,795	20.8

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended November 30, 2022	84.17	–	5.6	1.6	12.7
Year ended November 30, 2021	199.34	–	14.4	5.6	18.5

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of November 30, 2022	87,643	21,646	24.6	1,536.28
As of November 30, 2021	82,551	20,809	25.1	1,476.71

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended November 30, 2022	(4,573)	(3,149)	4,290	7,282
Year ended November 30, 2021	301	(399)	4,752	10,767

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended November 30, 2021	–	0.00	–	27.00	27.00	378	13.5	1.9
Year ended November 30, 2022	–	0.00	–	30.00	30.00	420	35.6	2.0
Year ending November 30, 2023 (Forecast)	–	0.00	–	32.00	32.00		22.4	

3. Forecast of consolidated financial results for the year ending November 30, 2023 (from December 1, 2022 to November 30, 2023)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	19,400	35.8	3,345	84.2	2,525	86.1	2,000	69.4	142.62

4. Notes

- (1) Changes in significant subsidiaries during the year ended November 30, 2022
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: Yes
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of November 30, 2022	14,445,000 shares	As of November 30, 2021	14,445,000 shares
-------------------------	-------------------	-------------------------	-------------------

Number of treasury shares at the end of the period

As of November 30, 2022	421,710 shares	As of November 30, 2021	421,710 shares
-------------------------	----------------	-------------------------	----------------

Average number of shares during the period

Year ended November 30, 2022	14,023,290 shares	Year ended November 30, 2021	14,023,290 shares
------------------------------	-------------------	------------------------------	-------------------

Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of November 30, 2021	As of November 30, 2022
Assets		
Current assets		
Cash and deposits	10,766,170	7,306,355
Deposits in trust	740,507	921,573
Accounts receivable - trade	281,949	391,453
Real estate for sale	44,908,794	46,956,270
Real estate for sale in process	4,275,774	3,479,627
Merchandise	11,509	8,371
Raw materials and supplies	741	28,555
Operational investment securities	342,414	335,632
Other	1,327,228	2,238,451
Allowance for doubtful accounts	(0)	—
Total current assets	62,655,088	61,666,290
Non-current assets		
Property, plant and equipment		
Buildings and structures	9,660,098	13,128,704
Accumulated depreciation	(969,515)	(1,622,567)
Buildings and structures, net	8,690,582	11,506,136
Machinery, equipment and vehicles	217,688	927,140
Accumulated depreciation	(40,306)	(141,149)
Machinery, equipment and vehicles, net	177,381	785,991
Tools, furniture and fixtures	133,383	284,457
Accumulated depreciation	(98,754)	(221,361)
Tools, furniture and fixtures, net	34,628	63,096
Land	8,753,917	10,584,024
Construction in progress	454,456	454,456
Total property, plant and equipment	18,110,967	23,393,705
Intangible assets		
Goodwill	367,290	1,116,664
Other	14,186	31,708
Total intangible assets	381,476	1,148,372
Investments and other assets		
Investment securities	68,505	83,404
Investments in other securities of subsidiaries and associates	41,413	34,416
Deferred tax assets	80,933	41,054
Leasehold and guarantee deposits	369,846	453,113
Other	843,507	823,171
Total investments and other assets	1,404,206	1,435,160
Total non-current assets	19,896,650	25,977,239
Total assets	82,551,738	87,643,529

(Thousands of yen)

	As of November 30, 2021	As of November 30, 2022
Liabilities		
Current liabilities		
Short-term borrowings	3,454,179	1,156,657
Current portion of long-term borrowings	1,890,848	2,339,880
Current portion of Long-term non-recourse loans payable	–	119,700
Income taxes payable	856,693	161,172
Provision for bonuses	25,850	22,809
Provision for shareholder benefit program	21,500	24,316
Other	2,621,417	1,760,861
Total current liabilities	8,870,488	5,585,397
Non-current liabilities		
Long-term borrowings	44,384,923	50,678,274
Long-term non-recourse loans payable	3,420,000	4,940,000
Deferred tax liabilities	1,811,112	1,980,066
Retirement benefit liability	12,977	19,939
Other	3,242,247	2,793,512
Total non-current liabilities	52,871,260	60,411,793
Total liabilities	61,741,748	65,997,191
Net assets		
Shareholders' equity		
Share capital	1,589,830	100,000
Capital surplus	1,917,257	3,407,088
Retained earnings	17,440,845	18,240,953
Treasury shares	(278,086)	(278,086)
Total shareholders' equity	20,669,847	21,469,955
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	39,337	53,018
Deferred gains or losses on hedges	(816)	20,703
Total accumulated other comprehensive income	38,521	73,722
Non-controlling interests	101,620	102,660
Total net assets	20,809,990	21,646,338
Total liabilities and net assets	82,551,738	87,643,529

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended November 30, 2021	Fiscal year ended November 30, 2022
Net sales	26,685,474	14,284,494
Cost of sales	19,844,568	10,194,693
Gross profit	6,840,905	4,089,800
Selling, general and administrative expenses	1,900,446	2,273,661
Operating profit	4,940,459	1,816,138
Non-operating income		
Interest income	243	134
Dividend income	1,046	1,007
Interest on tax refund	2,046	676
Subsidy income	3,888	35,130
Gain on valuation of derivatives	73,561	196,334
Gain on sale of investment securities	248	388
Other	4,067	39,432
Total non-operating income	85,103	273,105
Non-operating expenses		
Interest expenses	472,296	577,768
Commission expenses	168,306	149,071
Other	5,023	5,515
Total non-operating expenses	645,627	732,356
Ordinary profit	4,379,936	1,356,888
Extraordinary losses		
Loss on sale of non-current assets	–	1,003
Loss on retirement of non-current assets	997	3,134
Loss on valuation of investment securities	259	–
Loss on liquidation of subsidiaries and associates	57	–
Impairment losses	–	10,003
Total extraordinary losses	1,314	14,141
Profit before income taxes	4,378,621	1,342,746
Income taxes - current	1,802,325	262,571
Income taxes - deferred	(213,977)	(95,339)
Total income taxes	1,588,348	167,232
Profit	2,790,273	1,175,514
Loss attributable to non-controlling interests	(5,089)	(4,846)
Profit attributable to owners of parent	2,795,363	1,180,361

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended November 30, 2021	Fiscal year ended November 30, 2022
Profit	2,790,273	1,175,514
Other comprehensive income		
Valuation difference on available-for-sale securities	18,155	13,681
Deferred gains or losses on hedges	3,701	21,614
Total other comprehensive income	21,856	35,295
Comprehensive income	2,812,129	1,210,810
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,817,203	1,215,561
Comprehensive income attributable to non-controlling interests	(5,073)	(4,751)

Consolidated statements of changes in equity

Fiscal year ended November 30, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,589,830	1,917,257	14,982,928	(278,086)	18,211,930
Changes during period					
Dividends of surplus			(336,558)		(336,558)
Profit attributable to owners of parent			2,795,363		2,795,363
Decrease in retained earnings due to increase in consolidated subsidiaries			(670)		(670)
Decrease in retained earnings due to exclusion of consolidated subsidiaries			(216)		(216)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	2,457,917	–	2,457,917
Balance at end of period	1,589,830	1,917,257	17,440,845	(278,086)	20,669,847

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total accumulated other comprehensive income		
Balance at beginning of period	21,182	(4,501)	16,681	101,618	18,330,230
Changes during period					
Dividends of surplus					(336,558)
Profit attributable to owners of parent					2,795,363
Decrease in retained earnings due to increase in consolidated subsidiaries					(670)
Decrease in retained earnings due to exclusion of consolidated subsidiaries					(216)
Net changes in items other than shareholders' equity	18,154	3,685	21,840	2	21,842
Total changes during period	18,154	3,685	21,840	2	2,479,760
Balance at end of period	39,337	(816)	38,521	101,620	20,809,990

Fiscal year ended November 30, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,589,830	1,917,257	17,440,845	(278,086)	20,669,847
Changes during period					
Capital reduction	(1,489,830)	1,489,830			–
Dividends of surplus			(378,628)		(378,628)
Profit attributable to owners of parent			1,180,361		1,180,361
Decrease in retained earnings due to exclusion of consolidated subsidiaries			(1,624)		(1,624)
Net changes in items other than shareholders' equity					
Total changes during period	(1,489,830)	1,489,830	800,107	–	800,107
Balance at end of period	100,000	3,407,088	18,240,953	(278,086)	21,469,955

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total accumulated other comprehensive income		
Balance at beginning of period	39,337	(816)	38,521	101,620	20,809,990
Changes during period					
Capital reduction					–
Dividends of surplus					(378,628)
Profit attributable to owners of parent					1,180,361
Decrease in retained earnings due to exclusion of consolidated subsidiaries					(1,624)
Net changes in items other than shareholders' equity	13,680	21,519	35,200	1,040	36,240
Total changes during period	13,680	21,519	35,200	1,040	836,348
Balance at end of period	53,018	20,703	73,722	102,660	21,646,338

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended November 30, 2021	Fiscal year ended November 30, 2022
Cash flows from operating activities		
Profit before income taxes	4,378,621	1,342,746
Depreciation	828,297	985,145
Impairment losses	–	10,003
Amortization of goodwill	3,819	108,692
Increase (decrease) in provision for bonuses	750	(3,040)
Increase (decrease) in provision for shareholder benefit program	(6,000)	2,816
Increase (decrease) in retirement benefit liability	2,364	6,962
Interest and dividend income	(1,290)	(1,142)
Interest expenses	472,296	577,768
Loss (gain) on sale of non-current assets	–	1,003
Loss on retirement of non-current assets	997	3,134
Decrease(increase) in deposits in trust	(176,795)	(181,065)
Decrease (increase) in trade receivables	60,360	(54,558)
Decrease (increase) in inventories	(4,387,093)	(3,561,596)
Decrease (increase) in investment securities for sale	42,155	41,970
Decrease (increase) in other current assets	645,652	(564,837)
Decrease(increase)in investment in anonymous association of subsidiaries and associates	(5,256)	19,297
Increase (decrease) in other current liabilities	608,376	(1,141,135)
Increase (decrease) in other non-current liabilities	(151,894)	(448,800)
Other, net	6,693	31,016
Subtotal	2,322,055	(2,825,619)
Interest and dividends received	1,290	1,142
Interest paid	(474,765)	(562,140)
Income taxes refund	7,820	189,743
Income taxes paid	(1,555,221)	(1,376,832)
Net cash provided by (used in) operating activities	301,179	(4,573,706)
Cash flows from investing activities		
Payments into time deposits	(224,313)	(131,562)
Proceeds from withdrawal of time deposits	12,521	169,502
Purchase of property, plant and equipment	(437)	(2,552,118)
Proceeds from sale of property, plant and equipment	–	241
Purchase of intangible assets	(8,544)	(7,643)
Purchase of investment securities	(11,695)	(28,617)
Proceeds from sale of investment securities	11,714	3,447
Purchase of shares of subsidiaries and associates	(0)	–
Proceeds from collection of loans receivable	–	27,507
Payments of leasehold and guarantee deposits	(10,946)	(80,866)
Proceeds from refund of leasehold and guarantee deposits	26,804	576
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(188,217)	(587,850)
Other, net	(6,647)	38,109
Net cash provided by (used in) investing activities	(399,761)	(3,149,274)

(Thousands of yen)

	Fiscal year ended November 30, 2021	Fiscal year ended November 30, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,454,179	(2,438,522)
Proceeds from long-term borrowings	14,064,591	11,257,800
Repayments of long-term borrowings	(13,251,658)	(5,782,368)
Proceeds from long-term non recourse loans payable	3,654,000	1,639,700
Repayment of long-term non recourse loans payable	(832,155)	–
Dividends paid	(336,130)	(378,223)
Dividends paid to non-controlling interests	(165)	(165)
Other, net	–	(7,695)
Net cash provided by (used in) financing activities	4,752,660	4,290,525
Effect of exchange rate change on cash and cash equivalents	3,112	–
Net increase (decrease) in cash and cash equivalents	4,657,190	(3,432,455)
Cash and cash equivalents at beginning of period	6,202,070	10,767,954
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	(91,306)	(53,048)
Cash and cash equivalents at end of period	10,767,954	7,282,450